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OBEY HOSTS TEACH-INS ON THE ECONOMIC CRISIS

Says Economic Recovery Act Intended to Save Jobs & Help Those Who've Been Hurt by the Recession

7TH DISTRICT OF WISCONSIN - "Critics of Obama's economic recovery and reinvestment package that passed Congress last week need to understand that the package is so large because the economic problem it's tackling is so huge. We're facing the greatest economic crisis since the 1930's," Seventh District Congressman Dave Obey (D-WI) told crowds gathered around his District for economic teach-ins this week. Obey, who as Chairman of the House Appropriations Committee played a central role in developing the \$800 billion economic recovery package that Congress approved, is spending this week hosting economic teach-ins around his District to explain the economic crisis confronting the country and President Obama's plan to deal with it.

"We've had a virtual collapse and freeze up of the financial system and the credit markets. We've had a collapse of the housing and auto sectors of the economy. Consumer purchasing power is collapsing. In the last four months the country has lost 2 million jobs, and we're expected to lose another 3 to 5 million in the next year. As Conservative economist Mark Zandi so bluntly put it: 'the economy is shutting down,'" Obey said.

Obey traced the economic mess to unfair and ineffective government policies over the last decade. "Since 2001, as worker productivity went up, over 90% of the income growth in the country went to the wealthiest 10% of society. The remaining 90% of Americans have been struggling to sustain their standard of living by borrowing to pay for kids education, to pay for their houses, to pay for their cars, etc... etc..., and when they couldn't borrow anymore, the bottom fell out. Our job now is to rebuild the economy in a way that will enable middle class families to see their income grow again," he said.

Normally, when consumer purchasing power collapses, the government uses monetary policy - like changes in the interest rate - to try to re-inflate the economy. "The problem is, we've already shot that bullet," Obey said. "The Federal Reserve has taken phenomenal actions to try to stabilize the situation to very moderate effect. The only bullet left is fiscal policy

- a large amount of government funding to get things moving again."

That is what the American Recovery and Reinvestment Act that was just approved by Congress is designed to do, Obey added. "If you look at what this bill does, it is aimed at saving or creating 3 to 4 million jobs. It provides one of the biggest middle-class tax cuts in American history. It invests \$120 billion to put people to work building highways, bridges, sewer and water systems, airports, transit systems, modernizing our electrical transmission grid and bringing high-speed broadband to every part of the country, including rural America. It tries to help those who are hit the hardest by the recession by extending and expanding unemployment benefits, by helping them to keep their health coverage, and helping them with the cost of keeping their kids in college. It tries to rebuild and modernize the economy to create new jobs through science and technology and by making investments that will wean us from our dependence on foreign oil. It provides \$170 billion to help states and local governments avoid catastrophic tax increases that will be counterproductive during this kind of a recession and it also helps them to avoid drastic cutbacks in education and in law enforcement so that they don't have to fire cops, teachers, prison guards and all the other people who are paid out of state budgets."

Wisconsin could receive as much as \$3.5 billion and that will save thousands and thousands of jobs. "There's \$2 billion to keep Wisconsin teachers, firefighters, policemen, and others on the state payroll; there's over \$500 million to get people to work on highway and bridge projects; there's \$150 million to help weatherize Wisconsin homes; there's an additional unemployment benefit of \$100 a month for 500,000 Wisconsin workers, and extended unemployment benefits for 75,000 more; there's money to modernize about 130 Wisconsin schools; there's significant assistance for every local school district, that will help them avoid teacher cutbacks and significant property tax increases there's new tax credits to make college more affordable for 63,000 Wisconsin families; there's more money for clean-water, sewer and dam repairs and flood-control projects; and there's an \$800 tax cut for over 2 million Wisconsin workers and their families," Obey said.

A sign of how important the recovery effort is was the wide range of groups backing it, Obey said. "This package was supported by not only the AFL-CIO, but also by the National Association of Manufacturers and the U.S. Chamber of Commerce - that shows just how widely held the belief is that this needs to be done," he added.

Obey concluded by noting that this is just the first step. "It would be a mistake to look at this as a plan to add large amounts of new money to the economy. Instead, it should be recognized for what it is - an emergency salvage job to fill a \$3 trillion plus hole in the economy

over the next 2 ½ years in order to ease the worst aspects of this building recession. Standing alone, this package will not succeed, because it's going to have to be accompanied by further actions to build confidence in the economy; by new actions to prevent massive home foreclosures all across the country; and probably by even further intervention in the financial markets. So we're as close as we'll ever see to being in the same place that Franklin Roosevelt was in the thirties - where he tried some things; some of them worked, some of them didn't, and so he moved on and tried other things. It's going to be a rough couple of years. But with the right decisions, and the will to carry through, we can come out of this with a stronger middle class and an economy that works for everyone, not just the economic elite."

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